

SHREVEPORT-BOSSIER RESCUE MISSION, INC.**SHREVEPORT, LOUISIANA****JUNE 30, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 30 2013**

SHREVEPORT-BOSSIER RESCUE MISSION, INC.

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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January 16, 2013

To the Board of Directors
Shreveport-Bossier Rescue Mission, Inc.
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statement of financial position of Shreveport-Bossier Rescue Mission, Inc. (a nonprofit organization) as of June 30, 2012, and the related statement of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of Shreveport-Bossier Rescue Mission, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shreveport-Bossier Rescue Mission, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 16, 2013, on our consideration of Shreveport-Bossier Rescue Mission, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Shreveport, Louisiana

Heard, McElroy & Vestal, LLC

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SHREVEPORT-BOSSIER RESCUE MISSION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS

Current assets:

Cash and cash equivalents (Note 5)	703,564
Investments (Notes 2 and 3)	669,623
Grants receivable	5,674
Succession trust assets (Note 10)	<u>342,813</u>
Total current assets	1,721,674

Fixed assets:

Land	519,864
Building and improvements	4,111,144
Furniture and equipment	481,124
Transportation equipment	80,338
Less-accumulated depreciation	<u>(968,594)</u>
Book value of fixed assets	<u>4,223,876</u>

Total assets	<u>5,945,550</u>
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The accompanying notes are an integral part of the financial statements.

LIABILITIES AND NET ASSETS

Current liabilities:

Payroll taxes payable	105
Sales taxes payable	2,749
Bank overdraft	14,794
Notes payable-current portion (Note 4)	57,033
Contributions payable (Note 9)	<u>50,000</u>
Total current liabilities	124,681

Long-term liabilities:

Notes payable (Note 4)	<u>1,452,833</u>
Total liabilities	1,577,514

Net assets:

Unrestricted	68,726
Investment in fixed assets	<u>4,223,876</u>
Total unrestricted net assets	4,292,602
Temporarily restricted-building	25,434
Temporarily restricted-enterprise	<u>50,000</u>
Total temporarily restricted net assets	<u>75,434</u>
Total net assets	<u>4,368,036</u>
Total liabilities and net assets	<u>5,945,550</u>

SHREVEPORT-BOSSIER RESCUE MISSION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and other support:</u>			
Contributions (Note 6)	1,114,376	51,082	1,165,458
Contributions-succession (Note 10)	342,813	-	342,813
Fundraising	140,213	-	140,213
Grants (Note 7)	114,794	-	114,794
Program service revenue	247,778	-	247,778
Thrift Store and Enterprise Operations	401,773	-	401,773
Interest and dividends	16,238	-	16,238
Unrealized gain (loss) on investments	(6,614)	-	(6,614)
Miscellaneous income	<u>22,167</u>	<u>-</u>	<u>22,167</u>
Total revenue and other support	2,393,538	51,082	2,444,620
Net assets released from restrictions	<u>53,581</u>	<u>(53,581)</u>	<u>-</u>
	2,447,119	(2,499)	2,444,620
<u>Expenses:</u>			
Program services	1,231,934	-	1,231,934
General and administrative	1,032,593	-	1,032,593
Enterprise	<u>267,903</u>	<u>-</u>	<u>267,903</u>
Total expenses	<u>2,532,430</u>	<u>-</u>	<u>2,532,430</u>
<u>Change in net assets</u>	(85,311)	(2,499)	(87,810)
<u>Net assets-beginning of year</u>	<u>4,323,396</u>	<u>77,933</u>	<u>4,401,329</u>
<u>Prior period adjustment (Note 11)</u>	54,517	-	54,517
<u>As adjusted</u>	<u>4,377,913</u>	<u>77,933</u>	<u>4,455,846</u>
<u>Net assets-end of year</u>	<u>4,292,602</u>	<u>75,434</u>	<u>4,368,036</u>

The accompanying notes are an integral part of the financial statements.

SHREVEPORT-BOSSIER RESCUE MISSION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2012

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Enterprise</u>	<u>Total Expenses</u>
Advertising/development	-	64,619	79	64,698
Building and maintenance	61,523	18,105	24,290	103,918
Conferences and meetings	-	-	-	-
Depreciation	-	149,285	-	149,285
Dues and subscriptions	1,166	10,803	351	12,320
Insurance	-	216,702	-	216,702
Interest and service charges	60,446	28,686	13,319	102,451
Miscellaneous	25,542	71,175	2,675	99,392
Payroll and related expenses	746,577	355,303	156,119	1,257,999
Printing and postage	46	9,340	120	9,506
Special events	65,787	31,138	-	96,925
Supplies	141,195	15,907	42,383	199,485
Telephone and utilities	98,871	46,922	21,785	167,578
Vehicle operations	<u>30,781</u>	<u>14,608</u>	<u>6,782</u>	<u>52,171</u>
Total expenses	<u>1,231,934</u>	<u>1,032,593</u>	<u>267,903</u>	<u>2,532,430</u>

The accompanying notes are an integral part of the financial statements.

SHREVEPORT-BOSSIER RESCUE MISSION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2012

<u>Cash flows from operating activities:</u>	
Change in net assets	(87,810)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	149,285
Realized and unrealized loss on investments	6,614
Increase (decrease) in:	
Grants Receivable	24,245
Succession trust assets	(342,813)
Sales taxes payable	948
Bank overdraft	14,794
Net cash provided (used) by operating activities	(234,737)
<u>Cash flows from investing activities:</u>	
Purchase of property and equipment	(8,755)
Net redemptions of investments	(13,112)
Net cash (used) by investing activities	(21,867)
<u>Cash flows from financing activities:</u>	
Payments on bank loan	(53,581)
Net cash (used) by financing activities	(53,581)
<u>Net (decrease) in cash and cash equivalents</u>	<u>(310,185)</u>
<u>Cash and cash equivalents at beginning of year</u>	<u>1,013,749</u>
<u>Cash and cash equivalents at end of year</u>	<u>703,564</u>
<u>Interest paid</u>	<u>90,656</u>

The accompanying notes are an integral part of the financial statements.

SHREVEPORT-BOSSIER RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

1. Summary of Significant Accounting Policies

The significant accounting policies followed by the Mission and the methods of applying those policies which materially affect the determination of financial position, changes in financial position, or changes in net assets are summarized below:

(a) *Organization*

The Shreveport-Bossier Rescue Mission, Inc. is incorporated as a nonprofit organization under the laws of the State of Louisiana for the purpose of providing rehabilitation and educational programs for disadvantaged men, women and children.

(b) *Basis of Presentation*

The financial statements of the Mission are prepared on the accrual basis. The Mission is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Mission, and/or by the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Mission. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions are recognized when the donor makes a promise to give to the Mission that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Included in the temporarily restricted net assets of the Mission are funds for the Hope Foundation, the Children's ministry, a new enterprise operation, and building renovations. All other net assets are considered unrestricted. The Mission does not have any permanently restricted net assets.

1. Summary of Significant Accounting Policies (Continued)

(c) *Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) *Property, Plant and Equipment*

Beginning in 1994, the Mission began capitalizing the acquisition cost of land, buildings, furniture and equipment. Acquisitions in prior years were expensed in the year of acquisition.

Depreciation expense is calculated based upon the assets' estimated useful lives using the straight line method. Useful lives at June 30, 2012 are as follows:

Buildings and renovation	40 years
Furniture and equipment	5-10 years
Transportation equipment	5 years

(e) *Liabilities*

Unremitted withheld payroll taxes and unremitted sales tax collected from customers of the Thrift Store are recognized as liabilities on the Statement of Financial Position.

(f) *Tax Status*

The Shreveport Bossier Rescue Mission qualifies as a tax-exempt organization as described in the Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying statement. Contributions to the Mission are deductible as charitable contributions under Internal Revenue Code Section 170.

The Shreveport-Bossier Rescue Mission is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, the Shreveport-Bossier Rescue Mission must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Shreveport-Bossier Rescue Mission does not expect any of its tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Shreveport-Bossier Rescue Mission's accounting records.

The Shreveport-Bossier Rescue Mission is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2008 and beyond remain subject to examination by the Internal Revenue Service.

(g) *Functional Expenses*

Functional expenses have been allocated between Program Services, General and Administrative, and Enterprise based on an analysis of personnel time and space utilized for the related activities, excluding depreciation which is all allocated to general and administrative expense.

1. Summary of Significant Accounting Policies (Continued)

(h) Advertising and Development Costs

Advertising and development costs are expensed as incurred. Advertising expense was \$61,078 for the year ended June 30, 2012. Included in these amounts are costs of direct mail solicitation programs for donations and planned giving opportunities. Expenses related to special events for fundraising were \$32,624 for the year ended June 30, 2012.

(i) Cash

The Mission considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(j) Investments

The Mission prepares its financial statements on the accrual basis of accounting and reports its investments at fair market value.

2. Investments

Investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Fixed income mutual funds	304,545	321,276
Equity mutual funds	<u>317,175</u>	<u>348,347</u>
	<u>621,720</u>	<u>669,623</u>

Return on investments is as follows:

Interest and dividend income	13,112
Unrealized (losses)	<u>(6,614)</u>
Total investment return	<u>6,498</u>

3. Fair Value Measurements

Generally accepted accounting principles define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Under generally accepted accounting principles, a three-level fair value hierarchy was established that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than the quoted prices included in level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

3. Fair Value Measurements (Continued)

The Mission's mutual funds are valued at the net asset value of shares held at year end. The fair values of investments as of June 30, 2012 are summarized in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Blended	199,013	-	-	199,013
Bond	321,277	-	-	321,277
Growth	82,019	-	-	82,019
Value	<u>67,314</u>	<u>-</u>	<u>-</u>	<u>67,314</u>
	<u>669,623</u>	<u>-</u>	<u>-</u>	<u>669,623</u>

4. Notes Payable

A line of credit for construction in process on the new facility was refinanced to a long-term construction note on 5/13/09. The note matures on 5/20/14, and bears a 5.830% interest rate. Monthly payments of \$10,787 through 4/20/14 and a balloon payment of \$1,296,866 upon maturity. Secured by a building.

1,381,872

Note payable to finance the building for Thrift Store operations due 3/12/14; bearing interest at 5.5%. Monthly payments of \$1,233 through 2/12/14 and a balloon payment of \$114,835 upon maturity. Secured by investments.

127,994

Total long-term debt

1,509,866

Less: Current maturities of long-term debt

57,033

Long-term debt less current portion

1,452,833

The amount of interest expense for 2012 was \$90,656.

Schedule of maturities is as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2013	57,033
2014	1,452,833
2015	-
2016	-
2017	-
Thereafter	<u>1,509,866</u>

5. Concentration of Credit Risk

The Mission, at times, maintains deposits in federally insured financial institutions in excess of federally insured limits. Management monitors the soundness of these financial institutions and feels the Mission's risk is negligible.

6. Contributions Received

During the years ended June 30, 2012, contributions were received from the following sources:

Unrestricted:	
Churches and church groups	96,855
Individuals	770,219
Businesses and organizations	161,600
Memorials, honorariums and bequests	85,702
Succession	<u>342,813</u>
Total unrestricted	1,457,189
Temporarily restricted:	
Building	<u>51,082</u>
Total temporarily restricted	<u>51,082</u>
Total contributions received	<u>1,508,271</u>

7. Grants Received

Homelessness Prevention and Rapid re-housing grants received	83,856
Grants received from the United Way of North Louisiana	<u>30,938</u>
Total grants received	<u>114,794</u>

8. Donated Materials, Equipment and Services

During the course of operations, the Mission receives donations of material and equipment from many businesses and individuals. While the Mission recognizes the importance of the volunteers and the donated material and equipment, no objective basis for valuation of these items was determined and they are not included in the financial statements.

9. Contributions Payable

During the 2011 fiscal year the Mission received \$50,000 in contributions that were designated to another not-for-profit organization. The Mission is currently holding these funds until operations at the designated entity commence.

10. Succession Trust Assets

The Mission was named as one of the principal beneficiaries in a split-interest trust. The assets are being held in trust and are composed of cash and cash equivalents, and investments, as well as interests in oil and gas and other miscellaneous properties. The Mission has recognized its respective portion of the cash and cash equivalents, and investments. The Mission has delayed recognition of its interest in the remainder of the assets until an ongoing valuation by an independent third party has been completed. As of June 30, 2012 the Mission has recognized \$342,813 in contributions related to the succession, and the remainder of the contributions will be recognized in the next fiscal year.

11. Prior Period Adjustment

During the current fiscal year, the Mission changed its method of accounting from modified-cash basis to accrual basis of accounting. As a result, an adjustment to the opening balance of net assets was required amounting to \$54,517.

12. Subsequent Events

The Mission is required to evaluate events or transactions that may occur after the date of the statement of financial position for potential recognition or disclosure in the financial statements. The Mission performed such an evaluation through January 16, 2013, the date the financial statements were available to be issued noting no significant items to be disclosed.

OTHER FINANCIAL INFORMATION

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January 16, 2013

To the Board of Directors
Shreveport-Bossier Rescue Mission, Inc.
Shreveport, Louisiana

Independent Auditor's Report on Other Financial Information

We have audited the financial statements of the Shreveport-Bossier Rescue Mission as of and for the year ended June 30, 2012, and have issued our report thereon dated January 16, 2013, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The information included on Page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Heard, McElroy & Vestal, LLC

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SHREVEPORT-BOSSIER RESCUE MISSION, INC.
STATEMENTS OF REVENUES AND EXPENSES FOR THRIFT STORE
AND ENTERPRISE OPERATIONS FOR THE YEARS
ENDED JUNE 30, 2012

<u>Revenues:</u>	
Sales	<u>401,773</u>
Total revenues	401,773
<u>Expenses:</u>	
Advertising	79
Building and maintenance	24,290
Dues and subscription	351
Interest	12,714
Miscellaneous	2,675
Payroll	156,119
Printing and postage	120
Supplies	-
Special Events	42,383
Taxes and licenses	
Telephone and utilities	20,395
Vehicle operations	<u>6,052</u>
Total expenses	<u>265,178</u>
Net revenues from Thrift Store and Enterprise Operations	<u>136,595</u>

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January 16, 2013

To the Board of Directors
Shreveport-Bossier Rescue Mission, Inc.
Shreveport, Louisiana

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of Shreveport-Bossier Rescue Mission, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated January 16, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shreveport-Bossier Rescue Mission, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal controls over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiency 2012-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport-Bossier Rescue Mission, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance noted in the "Schedule of Findings and Questioned Cost" Section 2012-02 that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and Management of Shreveport-Bossier Rescue Mission, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLC

SHREVEPORT-BOSSIER RESCUE MISSION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

I. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Shreveport-Bossier Rescue Mission, Inc.
2. One significant deficiency, which is also a material weakness, is reported.
3. One instance of noncompliance was disclosed during the audit.
4. Shreveport-Bossier Rescue Mission, Inc. is not subject to a Federal Single audit for 2012.

II. Findings – Financial Statement Audit

2012-01 Material Weakness

Condition: As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Organization's annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in house.

Criteria: Pursuant to the requirements of AU Section 325, "Communicating Internal Control Related Matters Identified in an Audit," this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Effect: The Organization does not have the resources (i.e. internal controls and expertise) to prepare the annual financial statements, complete with notes and free of material misstatement, in accordance with generally acceptable accounting principles. The auditor prepared the annual financial statements.

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying the reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies an auditor reports under AU Section 325. In this case, we do not believe that curing the material weakness described would be cost effective or practical and accordingly, do not believe any corrective action is necessary.

Management Response: As noted above, no recommendation is made and no corrective action is necessary.

2012-02 Noncompliance

Condition: The engagement was not completed and transmitted to the Louisiana Legislative Auditor's office by December 31, 2012.

Criteria: Louisiana Revised Statute 24:514 and the Louisiana Governmental Audit Guide require all engagements to be completed and transmitted to the legislative auditor within six months of the close of the entity's fiscal year.

Cause: Additional time was necessary to receive supporting documentation.

Effect: The Mission violated state law by not submitting audited financial statements before the deadline.

Recommendation: We recommend that supporting documentation be secured earlier so that timely reporting may take place.

Management Response: We agree with the recommendation and will ensure that reports are filed timely in the future.

SHREVEPORT-BOSSIER RESCUE MISSION, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2012

2011-01 Noncompliance

The Mission's financial statements were prepared using the modified-cash basis instead of generally accepted accounting principles. This issue of noncompliance was corrected during the current year.

2011-02 Material Weakness

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Organization's annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in house. This condition is repeated as 2012-01.